



# Fiscal Year 2014: Recap of Budget as Scheduled for Tentative Adoption

***Mayor and Council  
Study Session  
May 7, 2013***



# Mass Transit System

(per M&C direction on 4/23/13)

- Proceed with environmental justice analysis and public hearing on phasing-in elimination of Sun Van economy fare
  - Potential increase in annualized fare revenue by \$382,000
- Proceed with pursuing professional firm to manage the interior/exterior advertising sales for mass transit vehicles
  - Potential increase in advertising revenue of \$200,000



# Mass Transit System (continued)

- Budgetary Result
  - No change to total \$134.7M mass transit system budget
  - Reduced General Fund investment by \$582,000 due to system advertising and minimal fare revenue increases; budget decreased from \$43.3M to \$42.7M



## \$4.8M General Fund Capacity in Non-Departmental budget

*Available to fund personnel expenditure adjustments made during Fiscal Year 2014.*

- \$2.3M in recommended budget
- \$1.9M from revised forecast of commercial sales tax loss (as indicated to Mayor and Council on 4/16)
- \$0.6M from reduced mass transit investment (as directed by Mayor and Council on 4/23)



## Employee Compensation (per M&C direction on 4/23/13)

- Develop an updated merit pay system for Mayor and Council review and consideration
- Make recommendations within 30 days on inequities within the current compensation system for consideration by Mayor and Council
- Implement a \$0.55 per hour pay raise for employees to go into effect no later than January 1, 2014 (i.e., flat rate adjustment)



# Flat Rate Compensation Adjustment Impacts

- Permanent employees citywide
- Annualized cost has been projected at \$5.3M General Fund and \$2.5M for Tucson Water, Environmental Services, and other funds for a total of \$7.8M
- \$4.8M General Fund in Non-Departmental for partial year funding
- Recurring full-year cost in future fiscal years



# Flat Rate Compensation Adjustment Impacts (cont'd.)

- Non General Fund operations will have to absorb the increased personnel costs within their FY 2014 adopted expenditure capacity or financial reserves
- Potential sources of funding:
  - vacancy savings (e.g., Tucson Water)
  - decreased program expenditures (e.g., Housing and Community Development)
  - reserves (e.g., internal service facilities/fleet functions)<sub>7</sub>



# Building Maintenance Funds: Transfer of Budgets

## Implementation Plan:

- General Funds programmed in the recommended budget have been transferred from departments to General Services Department to cover ongoing maintenance and minor repair services under centralized oversight
- Results in no budgetary increase
- Approximately \$5.5M has been transferred



# Changes to Fiscal Year 2014 Recommended Budget as Reflected in State Schedules

*For Tentative Adoption at Tonight's Regular Session*

\$ 1,269,404,620	Citywide Recommended Total
<u>2,482,000</u>	Net expenditure capacity increase
<b>\$ 1,271,886,620</b>	<b>Citywide budget for tentative adoption</b>
\$ 465,976,290	Recommended <u>General Fund</u> (subset of above)
<u>1,900,000</u>	Expenditure increase
<b>\$ 467,876,290</b>	<b>General Fund – tentative adoption</b>



## Next Steps

- May 7
  - Regular Agenda adoption of tentative budget (i.e., ceiling)
- May 21
  - Public hearing on proposed water rates and miscellaneous fees
  - Public hearing (truth in taxation) on primary property tax rate
  - Public hearing on budget as tentatively adopted
  - Special meeting to adopt final budget



## Next Steps

- June 4
  - Study Session discussion of Environmental Services' notice of intention to add new fees for commercial recycling-only services and household hazardous waste home pick-up program
- June 11
  - Regular Agenda adoption of FY 2014 property tax levies
- June 18
  - Public hearing on proposed Environmental Services' fees
- July 1
  - First day of Fiscal Year 2014